

Government  
Publications

# THE CONSUMER PROTECTION ACT

## AND how it helps you, THE CONSUMER

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This fall I signed a contract in my home to have \$2,200 worth of aluminium siding installed on my house. I was sold on the many advantages to the siding, especially the fact that I wouldn't have to worry about having to paint every few years.

Since I am a pensioner, house upkeep has been one of my main worries. In my haste, I wrote the company a cheque for \$500 as a deposit. The next day I decided to cancel the contract. The same afternoon, the siding was dumped on my driveway. I immediately wrote the dealer a registered letter canceling the contract, but haven't yet been refunded my \$500. Is there any way to get my deposit back?



Yes. The Consumer Protection Act allows for a cooling-off period in which you can cancel a contract over \$50 by registered mail or by personally delivering a letter to the vendor within two days after a duplicate copy of the contract comes into the possession of the buyer. (The postmark is considered the rescission date.) **A telephone call is no good.** This cooling-off period applies only when the contract has been negotiated and signed at a place other than the seller's regular place of business, for example in your home.

In this case, the dealer must return your \$500. Never give a seller more than five to ten per cent down. A reputable merchant will require no more than this amount. Steer clear of anyone insisting on a large down payment.

**Situations similar to the one above occur daily. The Consumer Protection Act, which is explained in detail in this booklet, is designed to help you, the consumer, when purchasing goods or services.**

## **The Consumer Protection Act**

The Consumer Protection Act is among the most important pieces of legislation ever handed down by the Ontario Government. It is designed to do just what the title implies — to protect YOU, the consumer, from problems you may encounter when purchasing goods or services or borrowing money. The Act protects the consumer as far as the law goes. The best guarantee you have in not getting "sold a bill of goods" is your own awareness of various laws designed to protect you.

**Common sense is your best defence.**

The Act is administered by the con-

sumer protection bureau. Set up to protect consumers' rights and privileges under Ontario law, the bureau handles complaints and inquiries about certain business practices and is responsible for enforcing the provisions of the Act.

Some of the controls under the Act are:

- registration of itinerant door-to-door sellers;
- need for executory contracts in sales over \$50;
- purchasing goods on credit and full disclosure of the credit terms;
- prohibition of referral selling;
- unsolicited goods;
- false or misleading advertising;
- penalties for offences.

## **Registration of itinerant sellers**

The Act states that every itinerant seller (selling driveway paving, encyclopedia, magazines, household appliances, aluminium siding and swimming pools door-to-door, just to name a few), must be registered and bonded under the Act.

The Act allows the registrar to:

- require the seller to post a \$5,000 bond;
- start proceedings to refuse or revoke registration if the applicant is not financially responsible, or if past conduct indicates he or she will not carry on business with integrity and honesty and in accordance with the law;
- prosecute an itinerant seller who has given false information or has refused to comply with an order;
- require the seller to maintain a permanent place of business in Ontario;
- register each separate trade name under which business is carried on.

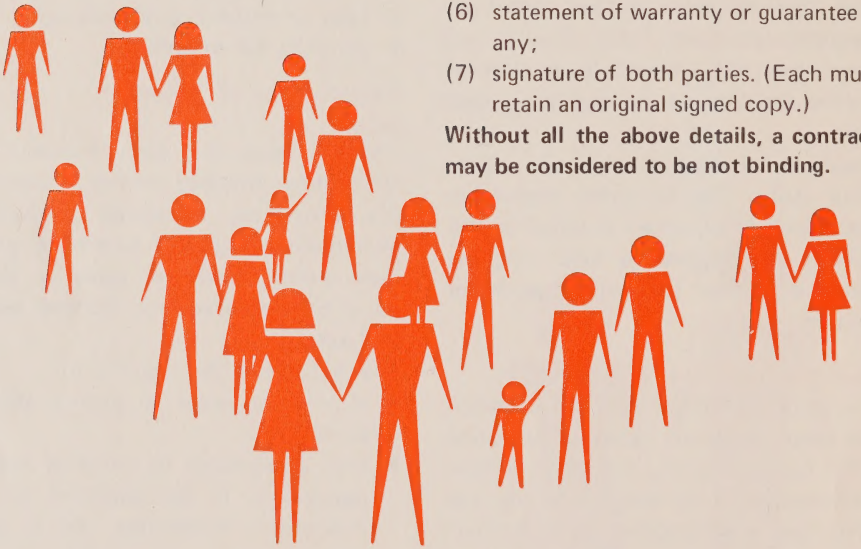
## Executory contracts

If the purchase price of goods or services is over \$50, a written contract is required and the consumer should insist on this protection.

The contract must contain:

- (1) name and address of both the seller and buyer;
- (2) description of goods and services sufficient to identify them with certainty;
- (3) itemized price of goods and terms of payment;
- (4) statement of any security given if credit is involved;
- (5) full disclosure of the credit terms;
- (6) statement of warranty or guarantee if any;
- (7) signature of both parties. (Each must retain an original signed copy.)

**Without all the above details, a contract may be considered to be not binding.**



## Cooling-off period

Even with all the above details, the consumer still has the right to break such a contract by registered mail or by letter personally delivered within two working days after the contract has been signed. **A telephone call is no good. This "cooling off" period applies only when the contract involves more than \$50 and has been negotiated and signed at a place other than the seller's regular place of business, for example in your home.**

Consumers terminating the contracts are responsible for returning the goods to the seller immediately at the seller's expense. The seller, in turn, must return all monies received or realized in the transaction and return any trade-in.

## Repossession of goods

When goods have been purchased, delivered and accepted, they may not be taken away from a buyer who falls behind in his or her payments, except by court order, after two-thirds of the purchase price has been paid.

## Buying on credit

Buying on credit is so widespread that it would be hard to imagine a world without it.

The Act protects the consumer in credit transactions. Credit rates vary according to the source and the type of transaction. Factors which influence the interest charged are: the degree of risk involved, the cost of money at a particular time and the expense of collection and record keeping. Anyone selling merchandise costing more than \$50 on credit must provide the purchaser, before credit is given, with a clearly written statement, showing the total finance charges both in

dollars and cents and the annual percentage rate being charged. The seller must also show, in writing, additional charges to be levied if the purchaser defaults on payments. This detailing of costs not only applies to contracts for goods purchased on credit, but also to monthly charge accounts and to all loans. (For further information on credit, write: Using Credit Wisely, Ministry of Consumer and Commercial Relations, 555 Yonge Street, Toronto, Ontario.)

## Unsolicited goods

The Act also limits the consumer's liability in the area of unsolicited goods, including credit cards. The consumer is not responsible for any unsolicited goods and has no legal obligation in respect to their use or disposal, unless the recipient knows they were intended for some other person.

A consumer who receives unordered merchandise, either delivered or through the mail, may legally keep it or throw it out. If you receive an unsolicited credit card you have no legal obligation as to its use or disposal unless you accept the card in writing or you purchase goods with it. In this case you are responsible for the goods purchased. If you don't want the card simply cut it up and throw it out.

## Referral selling

The Act prohibits a seller from offering a consumer a special discount on goods if the consumer can get friends to place a similar order. Any "referral selling" contract is not binding. The seller could lose his or her licence and be fined up to \$2,000 if convicted.

## False advertising

The Act provides the power to issue a Cease and Desist order wherever the registrar feels an advertisement is false, misleading or deceptive. Failure to observe such an order can result in prosecution or possible cancellation of a seller's licence.

## Penalty for offences

Anyone found guilty of contravening this Act is liable to a fine of up to \$2,000 or to imprisonment up to one year or both. A corporation committing a similar offence can be fined up to \$25,000.

The Consumer Protection Act is designed to protect the consumer as far as the law can do so. A consumer's best protection against unfair or illegal business practices is common sense and knowledge of the various laws and their implications.

**Common sense is your best defence.**

- Be strong enough to say NO if you're not interested.
- Never sign a document just to get rid of a seller.
- Never sign a blank contract or sheet of paper. Always read and understand the small print. If in doubt check with the bureau or your lawyer.
- Know the implications. A contract is a legal document.
- Always demand a written receipt for goods purchased.
- Be wary of "life-time" guarantees. Always understand exactly what the guarantee means.
- Make sure you understand exactly the total cost of your purchase. Add up those monthly charges.

Remember, the law protects but it doesn't guarantee the quality of merchandise, its price or the integrity of the sales person.

## Consumer tips

- Always deal with known, respected and established companies.
- Be familiar with brand name merchandise and its cost so you can compare goods.
- Always ask for identification when dealing with door-to-door sellers. They should have company cards. If in doubt, ask them to return, then check with the Consumer Protection Bureau to see if they are registered. An honest sales person won't mind this procedure.

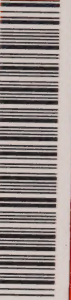


**For further information contact the  
Consumer Services Bureau nearest  
you.**

Hamilton	
143 Main St. E., Rm 206	529-8177
London	
80 Dundas St. W.	679-7150
Ottawa	
1673 Carling Ave.	725-1489
Peterborough	
139 George St. N.	743-8728
Sault Ste. Marie	
444 Queen St. E.	949-0332
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Ministry of Consumer and Commercial Relations  
Larry Grossman, Q.C., Minister

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